

ESTONIA

Capital: Tallinn	Inflation: 4%
GDP per capita: \$3,438	Unemployment: 9.6%
Population: 1,400,000	Foreign Direct Investment: \$350,000,000

OVERALL RATING: 2.4

There are 14, 247 registered non-profit organizations in Estonia. Most of them have been established over the last ten years, since Estonia re-gained independence. NGOs are actively involved in social welfare, health care, education, culture, human rights, and environmental protection.

The main challenge facing the development of the third sector in Estonia is the lack of information available to individuals interested in starting and managing successful NGOs. Information on issues fundamental to the success of these organizations, such as how to access available funding, establish partnerships, and use modern technology to run a successful nonprofit organization, is not always available. This lack of information is most serious outside of the capital of Estonia, where organizations suffer from relative isolation and neglect, and opportunities to share information about foreign programs, funding available from national agencies, and training events is very uneven.

People working in the non-profit sector often fail to fully appreciate the need for NGOs to be run professionally and in a business-like manner, in order to be able to develop sources of funding and to build sustainability through partnerships with local people, businesses and authorities. Many NGO leaders **lack sufficient understanding of the benefits of collaboration**. People in the voluntary sector do not understand the importance of collaborating, on both national and regional levels.

LEGAL ENVIRONMENT: 2.0

Minor, but substantive improvements continue to be made to the legal framework, which consists of the 1996 Laws on Foundations and Non-Profit Organizations. Both laws are now well enough established not to cause significant problems for NGOs in the process of registering an organization.

There are three kinds of non-profit organizations provided by law – Foundations, Non-Profit Organizations, and Non-Profit Partnerships. Estonian legislation does not set limits or specify the purposes for which an NGO can be established. Estonian NGOs are freely

able to address matters of public debate and express criticism. Special registration departments of the county and city courts hold the register of non-profit organizations and foundations. Entries in the register are public and everyone has the right to examine and obtain copies of the register and the files of non-profit organizations and foundations.

NGOs pay no taxes on grants and enjoy exemptions or deductions for income earned on the investment of grant funds or endowments. The law requires a very detailed report covering

the management, action plan and financial activities of NGOs.

Legal advice for NGOs in the capital and secondary cities is available on a very limited scale. There is a severe lack of local lawyers with specialized

training in NGO law, and a lack of skilled trainers to address this need. The services of recognized law firms are expensive and the firms are not always familiar with the issues of NGO law.

ORGANIZATIONAL CAPACITY: 2.5

Many leading NGOs received training to strengthen and promote the sustainability of their organizations. As a result, they have all the components of a clearly defined management structure, including recognized division of responsibilities between the board of directors and staff members and volunteers.

Many NGOs have had training in strategic planning, fundraising and have defined their mission statement and financial goals. Typically, however, most NGOs have no clearly defined management structure and lack advanced management, leadership and organizational skills. Tallinn Pedagogical University has recently introduced a course on the non-profit movement to improve the skill base and knowledge of modern management techniques for NGOs.

Leading NGOs have permanent, paid staff and there is a small but capable cadre of local trainers, usually

associated with NGO Support Centers. NGOs that have received prior funding from international donors usually have basic modern office equipment such as relatively new computers, software, fax machines, internet access etc. Public Internet cafes make access to the Internet available all over Estonia.

Most NGOs have a clearly defined mission in their statutes, though it is often not well known or clearly understood, even by the organization's management. The potential of volunteers as a valuable resource is not broadly understood or recognized. Emerging NGOs have difficulty obtaining necessary office equipment, because of a lack of local funds and international donors no longer support equipment acquisition. Many NGOs are not familiar with different areas of non-profit organization management and do not know how to get the necessary assistance and support to answer their questions.

ESTONIA

FINANCIAL VIABILITY: 2.8

Most international funders have left or are currently in the process of leaving Estonia, and as a result of budgetary problems the Estonian Government has reduced its financial support for NGOs. Nevertheless, many local NGOs are able to raise a significant percentage of their funding from local sources, and some are able to finance their operations entirely with Estonian sources of support.

Government and local authorities, as well as many local businesses are beginning to contract with NGOs for services. The Ministry of Internal Affairs has established standards for the delegation of services and the involvement of local authorities in the delegation process. Local governments are becoming more aware of the financial needs of NGOs and the ways that NGOs can use public financing to provide services.

Increasingly, NGOs recognize the importance of sound financial

management and accounting. Larger NGOs have professional financial management staff and sophisticated financial reporting systems.

NGOs are generally unable to draw upon a large enough core of volunteer and non-monetary support from their communities and other consistencies, because there are only limited traditions of voluntary or philanthropic activity. In spite of this, public attention to different charity campaigns and events has increased noticeably in recent years. Most NGOs do not have sufficient resources to remain viable for the short-term future.

NGOs are not active enough in promoting membership outreach and constituency development programs. Membership based organizations such as unions typically collect dues, but not in sufficient quantities to support sustainability. Many NGO activities are still too often donor-driven.

ADVOCACY: 2.0

NGOs are able to influence public policy in different levels and have been successful at affecting change for the third sector. Several leading NGOs have formed issue-based coalitions and conducted broad-based advocacy and public education campaigns in areas including the environment, human rights, minority integration and the plight of street children.

The dialogue between NGOs and governing institutions has become considerably more open and constructive. Seminars and conferences involving the NGO community and governmental officials have become

more frequent. Several governing institutions recognize that NGOs possess considerable expertise in special areas, and acknowledge them to be active parties in decision-making process. For example, The Ministry of Finances has asked NGOs to provide input into the State budget process.

During the past year, the Open Estonia Foundation and the Estonian Law Center initiated a program to develop legislative cooperation between the public and non-governmental sectors. With the support of UNDP, a memorandum of understanding was signed between a number of Estonian

umbrella organizations and a number of political parties to establish a forum to cooperate on and discuss issues of common interest.

Nevertheless, communication between NGOs and public policy makers is often

one-way, and many NGOs, particularly those in rural areas are simply unaware of the possibilities that exist and lack the techniques and skills to take advantage of them.

SERVICE PROVISION: 2.5

Many NGOs provide basic social services, such as health, education and humanitarian assistance at the regional level. In most cases they reflect the needs and priorities of their constituents and communities. Regional NGO resource centers and business advice centers provide a range of services. Several of their products, such as publi-

cations, workshops or expert analysis are marketed to other NGOs. The recognition and value of NGOs is common in several places of Estonia. Local authorities value the capacity of NGOs to provide basic social services and several local authorities provide grants or contracts to NGOs for providing such services.

INFRASTRUCTURE: 2.5

The Network of Estonian Non-Profit Organizations (NENO) has established nine information and support centers in cooperation with the Baltic-American Partnership Program. These support centers provide information on NGO legislation, accounting and tax policy, NGO management and strategic planning, about sources of financing of non-profit organizations. Each Center gathers data on the non-profit sector in their region of operation, and promotes local cooperation with both non-profit organizations with both non-profit organizations and representatives of local government and business sector on the regular basis.

There are several coalitions of NGOs in different areas of activity, including environment and social issues, that share information and knowledge on the regular basis. There are umbrella organizations in different areas of interest that promote their activities to the larger public. Discussions about the need for

an organization to promote the interests of the entire sector have started.

There is a general lack of well educated trainers covering issues of basic NGO management. Training in advocacy, financial management etc. are generally available in the larger cities, through regional NGO resource centers supported by the Baltic American Partnership Program. It is, however, difficult to predict their financial sustainability and effectiveness after international support comes to an end. At the moment they are not able to collect regularly fees for their services.

There are no traditional community foundations in Estonia, but county governments distribute resources for NGOs on an annual basis. There are also several foundations created by the state to finance regional development, culture etc.

ESTONIA

More advanced specialized training like strategic management, accounting, financial management, fundraising, vol-

unteer management, and board development is available in Tallinn.

PUBLIC IMAGE: 2.5

Consultation and cooperation between local authorities and NGOs is increasing. Local authorities are also beginning to view local NGOs as potential partners and effective service providers. A number of leading NGOs have established relationships with journalists that encourage positive coverage, and a special monthly newspaper, "Foorum", for NGOs is published with international donor support. Many NGOs publicize their activities and many of them are organizing events designed to increase sectoral awareness and visibility such as forums, conferences and seminars.

Leading NGOs publish annual reports and have made encouraging progress in demonstrating transparency in their operations.

The general public, however, is still largely indifferent to the activities of NGOs. Media coverage of NGOs and their activities has been mostly passive and the electronic media make little distinction between public service announcements and corporate advertising. The public does not generally know and understand the concepts of NGOs.